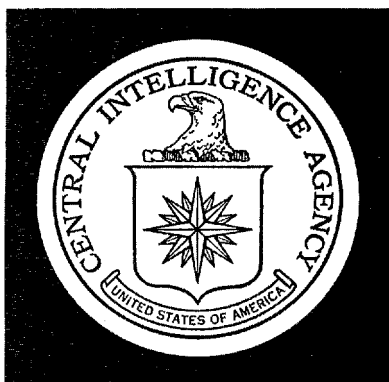


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State Department review completed

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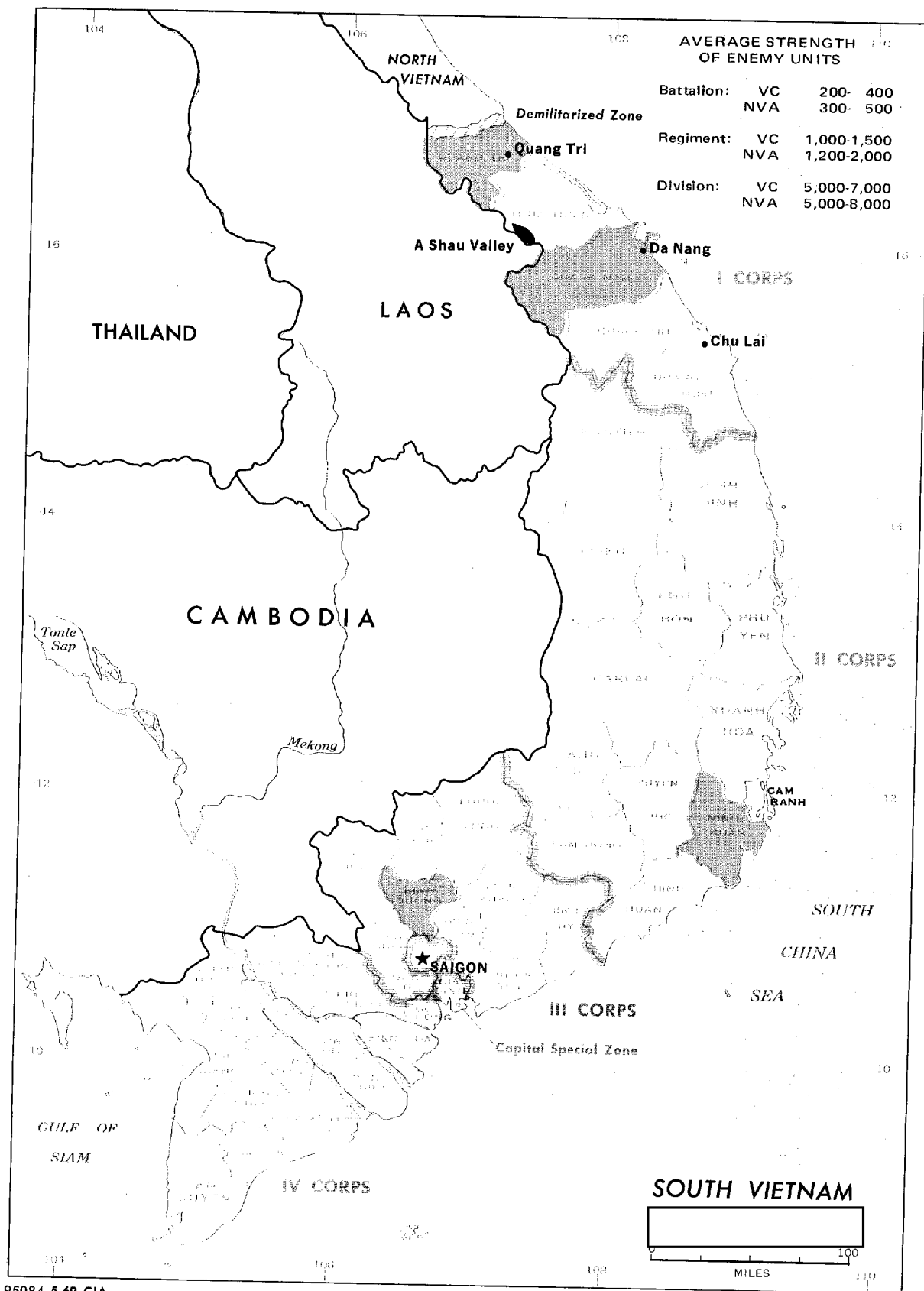
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[South Vietnam: The Communists are continuing to conduct ground probes in the northern provinces.

US Marine positions in Quang Tri Province and South Vietnamese field positions in Quang Nam Province were attacked by battalion-sized enemy units on 19-20 May. In other areas, Communist units are offering limited but stiff opposition to allied operations. South Korean troops report enemy resistance in Ninh Thuan Province, and US forces killed more than 100 Communists in brief fighting in Binh Duong Province. The Communists abandoned their stubborn defense of the hilltop position in the A Shau Valley on 20 May after losing more than 400 men.

Light shellings and sapper attacks are continuing throughout the country. On the night of 19-20 May, air facilities at Quang Tri city, Da Nang, and Chu Lai were shelled, but damage was minimal. [REDACTED]

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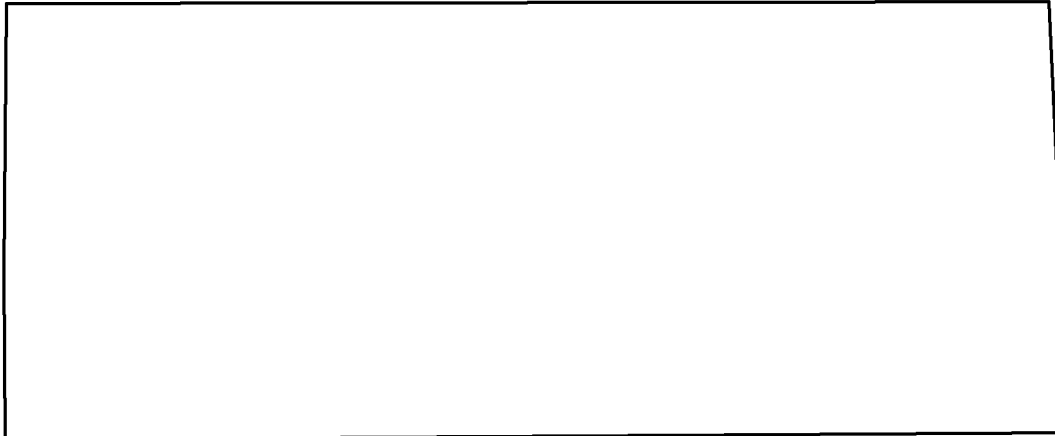
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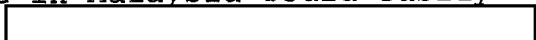
Malaysia: The emergency cabinet announced yesterday will play little more than an advisory role to the Malay-dominated Operations Council, which has assumed all governmental power in the emergency.

The Malays' determination to direct matters is evident in the assignment of all portfolios to Malays except for two given to representatives of the Malaysian Indian Congress. Four members of the Malaysian Chinese Association, two of whom previously held cabinet posts, were also appointed to the new cabinet but their "special functions" were not identified.



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As tensions ease, the curfews in effect in Kuala Lumpur and other areas are being selectively relaxed and lifted. The official count of 152 killed in the week-long rioting appears to be running far behind the actual number of deaths.

In neighboring Singapore, security forces have been put on alert after scattered violence between Chinese and Malays there. Thus far the trouble seems to be largely between criminal elements, but racial violence similar to that in Malaysia could easily flare up in Singapore. 

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Peru: The suspension of US military sales, made public last week, is viewed by many Peruvians as a hostile action. It may give added impetus to the government's efforts to obtain more military equipment from Europe.

Foreign Minister Mercado has told the US ambassador that the immediate reaction among government officials was to question the usefulness of continuing the US military missions in Peru. When told, however, that military grant aid was not involved, he implied that the missions would not be affected.

The Lima press sees the suspension as related to the lack of progress in the negotiations on the expropriation of the International Petroleum Company. One respected columnist stated that Washington realized that the recent seizures of US fishing vessels are "routine incidents" and that the suspension "is part of a US escalation...that can culminate in application of the Hickenlooper Amendment." The columnist adds that Ambassador Jones' resignation could be a prelude to a rupture of US-Peruvian relations.

There has been considerable sentiment in Peruvian military circles in favor of replacing US military aid with additional French or other European assistance. A high-level Peruvian military team is now visiting France and other European countries in order to learn what variety and quality of armaments are available.

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Chile: Violence may erupt again today before or during President Frei's state of the union address.

The violence began last week when secondary school students, later joined by others, protested the detention without bail for ten months of some factory workers accused of arson. These men have since been released on bail and their relatives, who had been conducting a hunger strike in front of the congress, have dispersed. The situation remains tense, however. Some students are still occupying university buildings and the student federation is protesting police violation of university autonomy.

The incidents, which have included the use of molotov cocktails against police vehicles, apparently have been instigated by the Socialists and the Movement of the Revolutionary Left. The Socialists have announced that in protest against the "permanent persecution" of Socialist members of parliament they will not send any representatives to hear Frei's speech.

The Socialists' espousal of violence has put Chile's Communists in a difficult position. They want to maintain friendly relations with the Socialists, but prefer the "respectable Marxist posture" of the Radicals and break-away members of the Christian Democratic Party. Some Communists expressed disapproval of the attack by extremists on the congress building last week, while others have identified themselves with the students, who have been in the forefront of the violence.

The carabineros, who have been responsible for controlling the demonstrations, have been restrained in their responses by the personal control of the minister of the interior. They are chafing under these restrictions, however, and if violence today threatens to get out of hand, their reaction could be tougher.

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Uruguay: President Pacheco is embroiled in another battle with congress.

Powerful factions within his own party as well as among the opposition have never approved of the austerity programs he has been forced to adopt to halt economic decline. The programs have met with some success, however, and Pacheco is determined to press ahead with them.

The current controversy involves new government regulations for the state-owned slaughterhouse that would eliminate both the privileged position of the slaughterhouse and certain fringe benefits traditionally enjoyed by workers at the larger meatpacking plants. The senate is now questioning the responsible cabinet ministers about the arrangements, and the anti-Pacheco forces probably have enough votes to censure them.

Pacheco has let it be known that he will dissolve congress and call for elections if his ministers are formally censured. This warning may encourage the senators to avoid a showdown, as they have in the past. The battle lines have rarely been more sharply delineated, however, and the outcome remains in doubt.

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Western Europe: A recent meeting in the Netherlands to discuss the formation of a European political party is evidence of the developing interest in more effective organization of political and economic groups on a European regional basis.

According to a communiqué issued by Labor Party headquarters in Amsterdam, approximately 30 "democratic socialist and other leftist" politicians from the Common Market Six and Britain met from 9 to 11 May to discuss the establishment of a European political party. The meeting was said to have been held as the result of a 1968 initiative by Dutch Labor Party MP H. Vredeling and several members of West Germany's Social Democratic Party.

Those attending the meeting agreed to act as a preparatory committee for the establishment of a European party; they appointed a working group of three to prepare a conference to be held in October. The working group is to report on such agenda items as the organization of "progressive forces" with a view to establishing a European party, a program of priorities for such a party, and European problems that seem to require multinational solutions.

While the recent meeting appears to have been exploratory, it represents, so far as is known, the first serious discussion in recent years of the need of the integration movement for a supranational partisan base. In a statement to the press, Vredeling referred to recent public discussion of the increasing number of "European" issues that seem to require "political action"--e.g., direct election of the European Parliament, enlargement of the European Communities, and suspension of Greece from the Council of Europe.

There have been signs lately of a similar movement toward "Europeanization" in the trade

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unions. In late April, the confederation to which the ICFTU-affiliated trade unions of the Six belong strengthened its own organization and invited the World Confederation of Labor (WCL) to forge closer ties with it. The WCL, meeting in early May, accepted the invitation and at the same time took steps to strengthen its own organizational structure.

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Turkey: A showdown over the issue of restoring political rights to former political prisoners has been postponed. The full senate met as scheduled in mid-afternoon yesterday, with the crucial item last on the agenda, but later adjourned for lack of a quorum before the item could be discussed. It is uncertain whether the senate will meet today, but until the issue is resolved or abandoned the political situation will remain unsettled. [REDACTED]

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Chile: The Chilean Workers' Central plans to fight for a wage increase effective in July to compensate for price rises that have occurred so far this year. Communist congressmen plan to introduce similar legislation when congress opens this week, and the central will probably coordinate its campaign with these congressional moves. A wage increase in July would run counter to the anti-inflation program that President Frei reportedly plans to present in his state of the union speech to congress today. [REDACTED]

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